



USAID
FROM THE AMERICAN PEOPLE

EL SALVADOR PROSPERITY

PROSPERITY CONTEXT

El Salvador continues to face economic challenges. An uncompetitive business environment, anemic foreign direct investment, and a heavy dependence on remittances (approximately 20 percent of the country's annual GDP) contribute to El Salvador having the second slowest economic growth rate in Central America, averaging 1.9 percent per year over the past 15 years. As a result, the economy is unable to create enough quality jobs to employ those seeking work, leading to underemployment and a poverty rate that remains above 25 percent - and causing some to turn to gangs and criminal activity, or to seek employment opportunities elsewhere. For those jobs that do exist, many people do not have the skills required. People in El Salvador average only seven years of schooling, 7.2 years for boys and 6.9 years for girls.

OBJECTIVE; JOBS AND ECONOMIC OPPORTUNITIES

Lack of economic opportunities and a path to long-term prosperity in El Salvador fuels irregular migration. USAID facilitates job creation and job placement for likely migrants, and addresses key barriers to trade, investment, and access to capital to mobilize Salvadoran and international private sector investment in key sectors driving employment. USAID is helping Salvadoran small businesses to grow and create new jobs, so that people can find dependable, good-paying work at home. Boosting trade is another way to assist Salvadoran firms increase jobs and incomes. USAID works with Salvadoran authorities to streamline and improve border management and customs procedures, helping trade flow and grow more quickly. Job training programs align workforce skills with productive sector needs. These activities target people that are most likely to attempt irregular migration, giving them a career path and placing them in jobs. Support for quality education at the primary and secondary level, and alternative education programs, improve school retention and prepare youth for future employment.



DATA AT A GLANCE



1.9 percent
Average economic growth rate per year



103 out of 141
Ranking in the 2019 Global Competitiveness Index








37 out of 100
Individuals in urban areas are underemployed; 6 are unemployed



Years of Schooling
Boys average 7.2 years
Girls average 6.9 years

KEY EXPECTED RESULTS

Stimulate \$5 billion in new investment 	Create 100,000 jobs 	Train and place 10,000 vulnerable people in better jobs 	Increase exports by at least \$175 million 	Stop 40,000 students from dropping out of school 
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USAID PROSPERITY ACTIVITIES

- **Economic Competitiveness Project (\$47.8 million)** Through this project, USAID strengthens Salvadoran micro, small and medium enterprises (MSMEs) in the industrial and service sectors that have the greatest potential for economic growth for likely migrants. The project promotes innovation and technological development for MSMEs and access to export markets by developing high quality products and meeting international health and safety standards.
- **Invest (\$1.5 million)** INVEST will partner with the private sector to increase investment in priority sectors that drive economic growth and increase employment. The activity will identify opportunities to structure financial instruments and provide transaction advisory services to channel capital into key regions and sectors.
- **Access to Credit and Financing**
Banco de América Central (Guarantee: \$10 million)
Banco Davivienda (Guarantee: \$25 million)
Banco Promerica, Banco G&T Continental and Banco de América Central Guarantee: (\$53.8 million) USAID is working with private sector banks to increase credit availability for MSMEs to generate increased economic growth and prosperity in El Salvador. By increasing access to affordable credit, USAID is helping businesses and entrepreneurs take advantage of market opportunities and expand their operations and increase job opportunities.
- **Education and Coexistence for Schools and Communities Free of Violence (\$10.0 million)** The project assists public schools and communities in reducing violence and keeping students in school by working with teachers and families to promote positive behavioral changes and to improve quality of life in the communities. The project expects to reach at least 100 schools and 150 communities through partnerships with private businesses, which will benefit 20,000 students and 45,000 community members in places with high crime and high out-migration.
- **Opportunities Education Alliance (\$14.2 million; \$7.1 million USAID, \$7.1 million Gloria de Kriete Foundation)**

For more information on USAID El Salvador and USAID Central America Regional Programs, please call: (503) 2501-3411; 3344; 3432 or visit www.usaid.gov/el-salvador